

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING
1594 West North Temple - Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

ANNUAL REPORT OF MINING OPERATIONS

The informational requirements of this form are based on provisions of the Mined Land Reclamation Act, Title 40-8, Utah Code Annotated 1953, as amended, and the General Rules as promulgated under the Utah Minerals Regulatory Program. An operator conducting mining operations under a Notice of Intention must file an annual operations and progress report (FORM MR-AR) with the Division.

I. General Information

1. Report Time Period: From (mo./yr.) 01/01/05 To (mo./yr.) 12/31/05
2. DOGM File Number (Mine No): S/230/086
3. Mine Name: Coyote Knoll 1,2&3
4. Mineral(s) Mined (or permitted to mine): Silica, Gold, Silver
5. Type of mine: ☒ Surface Mine or ☐ Underground Mine
6. Legal Description (Location of Lands Affected):
NW 1/4, NE 1/4, ___ 1/4, Section 5, Township 12, Range 6W
___ 1/4, ___ 1/4, ___ 1/4, Section ___, Township ___, Range ___
___ 1/4, ___ 1/4, ___ 1/4, Section ___, Township ___, Range ___
7. Name of Operator or Company: McFarland & Hullinger
8. Permanent Street Address: 8960 North Highway 40
City, State, Zip: Lakepoint, UT 84074
Phone: 801-355-0527 Fax: 801-252-7501 E-mail: _____
9. Company Representative (or designated operator):
Name: Sidney K. Hullinger
Title: Senior Vice President
Business Address: P.O. Box 580
City, State, Zip: Tooele, UT 84074
Phone: 801-355-0527 Fax: 801-355-0527 E-mail: _____
☐ Please check if any of the above information has changed since previous year.

II. Mining and Reclamation

1. Was there any mine related activity during the past year? Yes ☒ No ☐
2. If no - what was the last year of activity? _____

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DIV. OF OIL, GAS & MINING

3. Report the gross amount of ore mined and waste moved, as well as the arrangement, positioning, or distribution of the material. _____
Ore mined - 1659.20 tons
Waste placed - approximately 2,500 tons

4. Briefly describe the type of work performed, during the past year. _____
We mined the first lift of ore from the open pit and transported
off-site. We added the waste to the dumps established in 2004.

5. How much **new or additional acreage** was disturbed during the past year? None
6. How much acreage was **reclaimed** during the past year? None
7. Briefly describe the reclamation work performed during the past year. This description should include methods employed, and an evaluation of the results. (Submit form MR-SITE for an application for full or partial bond/site release).

8. What is the **total** disturbed acreage of entire project at years end? 3.0 (1 acre of prior disturbance)
9. Briefly summarize any mining and/or reclamation plans for the upcoming year.
We will make one more open pit lift in 2006. Then, a decision
on an underground operation will be made.

10. The operator shall keep and maintain timely records relating to his performance under the Act, and shall make these records available to the Division upon request.

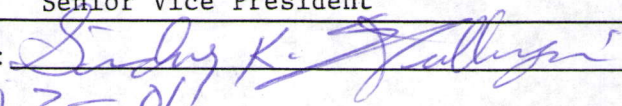
NOTE: Section III., "Additional Information" applies only to **large mining operations**.

III. Additional Information - R647-4-121.2

1. **Include an updated map depicting surface disturbance and reclamation performed during the year**, prepared in accordance with Rule R647-4-105.

IV. Signature Requirement

I hereby certify that the foregoing is true and correct.

Name (Typed or Print): Sidney K. Hullinger
Title of Operator: Senior Vice President
Signature of Operator: 
Date: 1-23-06